

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7383**

**BILL NUMBER:** HB 1536

**DATE PREPARED:** Dec 28, 2000

**BILL AMENDED:**

**SUBJECT:** Property Tax Administration.

**FISCAL ANALYST:** Bob Sigalow

**PHONE NUMBER:** 232-9859

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill permits a claim on an amended personal property tax return of any adjustment or exemption that would have been allowable on the original return. The bill specifies the procedures for the filing and processing of petitions for correction of error with respect to property tax assessments. It adjusts the qualifications for membership of the property tax assessment board of appeals.

The bill also provides that rules of the State Board of Tax Commissioners may not: (1) restrict the ability to practice before the agency to attorneys; or (2) restrict admissibility of evidence to the agency based on the manner in which the taxpayer's representative or other witness is compensated.

**Effective Date:** Upon passage; July 1, 2001.

**Explanation of State Expenditures:** *Property Tax Appeal Representation:* The State Board of Tax Commissioners is currently required to adopt rules governing the practice of representatives before the State Board of Tax Commissioners and the county property tax assessment board of appeals. The bill would prohibit the State Tax Board rules from restricting the ability of a representative to practice before the county property tax assessment board of appeals and the State Tax Board just because the representative is not an Indiana attorney. Under the proposal, the rules also would not be able to restrict the admissibility of testimony based on the method by which the representative or a witness is compensated.

**Explanation of State Revenues:** *Amended Returns:* The State levies a tax rate for State Fair and State Forestry. Any reduction in the assessed value base will reduce the property tax revenue for these two funds.

**Explanation of Local Expenditures:** *Correction of Errors:* Under current law, the county auditor is required to correct the following errors found on the tax duplicate:

- 1) Property description errors;
- 2) Assessments against the wrong person;

- 3) Duplicate assessments;
- 4) Mathematical errors on tax and penalty computations;
- 5) Delinquencies carried forward in error;
- 6) Illegal taxes;
- 7) Mathematical errors on assessment computations; or
- 8) Failure by a local or state officer to give credit for an exemption or deduction.

Current law requires the county auditor to correct errors 1 - 5 when the auditor finds that the errors exist. The auditor may not correct errors 6 - 8 without State Tax Board approval (if the assessment is based on a Tax Board determination) or local assessing official approval (if the assessment is not state-based). Also, petitions to correct errors 6 - 8 are filed with the county auditor, but there are no opportunities to file a petition to correct errors 1 - 5.

The bill would allow a taxpayer, an elected assessing official, or a county auditor to file a petition to correct errors 1 - 8 with the county assessor at any time. The county assessor would record the petition in an appeal log and send copies of the petition to the township assessor and county auditor. If the petition is filed by an assessing official or a county auditor, then that official must make notification to the taxpayer describing the property and the petition. The bill requires the county auditor to correct an error that falls under reasons 1 - 5 above when the auditor becomes aware of its existence, whether or not a petition to correct the error has been filed.

This provision moves the responsibilities regarding the filing and handling of petitions to correct errors from the county auditor to the county assessor. The administrative expense would also move from the auditor to the assessor.

*Property Tax Board of Appeals:* This bill makes several changes to the composition of the county property tax assessment board of appeals (appeals board). Currently, the county commissioners must appoint at least one certified level 2 assessor-appraiser to the appeals board. Under this proposal, the county commissioners' appointments would not have to be level 2 assessor-appraisers if the county assessor is a certified level 2 assessor-appraiser. The bill would prohibit a county or township employee, except for the county assessor, from serving on the appeals board in their county of employment. Additionally, the bill would allow a board member of one county to serve on the board of another county at the same time.

Some smaller Indiana counties may currently be having difficulty in filling vacancies on the appeals board with qualified persons under current law. The above changes may allow these counties to make all of the necessary appointments to the appeals board.

**Explanation of Local Revenues: Amended Returns:** Under current law, personal property taxpayers are able to file an amended return within six months of the original filing date or the extended filing date if the taxpayer was granted an extension. This bill would allow taxpayers to claim adjustments and exemptions on the amended return that would have been allowable on the original return. This provision could have the effect of reducing assessed valuations on some personal property.

Currently, the amended return can be filed by November 15, or by December 14 if the original return was filed with an extension. These dates are after the time when the assessed values are used in preliminary budget computations. The State Tax Board must finalize all budget orders by February 15. If the assessed valuation of a taxing district is substantially reduced due to an exemption claimed on an amended personal property tax return, the affected units may have to revise their budgets and/or increase tax rates to account

for the reduced valuation.

**State Agencies Affected:** State Board of Tax Commissioners.

**Local Agencies Affected:** All elected assessing officials.

**Information Sources:**